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National Dairy Products Corporation

NEW YORK

ANNUAL REPORT

1937

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National Dairy Products Corporation

DIRECTORS

F. J. Andre
President, The Telling-Belle Vernon Company, Cleveland

Henry W. Breyer, Jr.
Formerly President, Breyer Ice Cream Company, Philadelphia

Frederick J. Bridges
President, Hydrox Corporation, Chicago

Lester Claster
President, Food Sales Company, Inc., New York

N. J. Dessert
Vice-President, Detroit Creamery Company, Detroit

C. Wesley Ebling
President, Detroit Creamery Company, Detroit

E. J. Finneran
Director of Sales and Advertising

J. Henry Geissler
Vice-President, Breyer Ice Cream Company, Philadelphia

Joseph Gilfillan
Attorney, Philadelphia

Robert S. Gordon
General Counsel

B. S. Halsey
Vice-President, Sheffield Farms Company, Inc., New York

Vernon F. Hovey
President, General Ice Cream Corporation, Schenectady

J. L. Kraft
President, Kraft-Phenix Cheese Corporation, Chicago

John H. Kraft
Vice-President, Kraft-Phenix Cheese Corporation, Chicago

B. M. Lide, Jr.
President, St. Louis Dairy Company, St. Louis

William F. Luick
President, Luick Ice Cream Company, Milwaukee

E. J. Mather
President, Southern Dairies, Inc., Washington, D. C.

Thos. H. McInnerney
President

P. P. Miller
Vice-President, General Ice Cream Corporation, Schenectady

Edward E. Rieck
Chairman of Board, Rieck-McJunkin Dairy Company, Pittsburgh

Wilbur S. Scott
President, Breyer Ice Cream Company, Philadelphia

A. A. Stickler
Treasurer

Horace S. Tuthill
Vice-President, Sheffield Farms Company, Inc., New York

L. A. Van Bomel
President, Sheffield Farms Company, Inc., New York

Sidney J. Weinberg
Banker, New York

H. Burton Wilkerson
President, Nashville Pure Milk Company, Nashville

Frank A. Wills
President, Supplee-Wills-Jones Milk Company, Philadelphia

Henry N. Woolman
Vice-President, Supplee-Wills-Jones Milk Company, Philadelphia

Each company named above is an operating company of
National Dairy Products Corporation

National Dairy Products Corporation

OFFICERS

Thos. H. McInnerney	*President*
L. A. Van Bomel	*Executive Vice-President*
Frederick J. Bridges	*Vice-President*
James Bruce	*Vice-President*
Vernon F. Hovey	*Vice-President*
Wilbur S. Scott	*Vice-President*
A. A. Stickler	*Treasurer*
A. Boag, Jr.	*Secretary and Assistant Treasurer*
G. W. McGhee	*Assistant Secretary*
E. J. Finneran	*Director of Sales and Advertising*
Robert S. Gordon	*General Counsel*

EXECUTIVE COMMITTEE

Thos. H. McInnerney

Vernon F. Hovey — Wilbur S. Scott

J. L. Kraft — L. A. Van Bomel

TRANSFER AGENT

Bankers Trust Company
New York, N. Y.

REGISTRAR

The Chase National Bank
of the City of New York
New York, N. Y.

COUNSEL

Sullivan & Cromwell

AUDITORS

Price, Waterhouse & Co.

EXECUTIVE OFFICES

120 Broadway, New York, N. Y.

National Dairy Products Corporation

New York, N. Y., March 10, 1938.

To the Stockholders:

There is submitted herewith the Annual Report of National Dairy Products Corporation for the year ending December 31, 1937. Messrs. Price, Waterhouse & Co. have examined the books and accounts of the corporation and its subsidiary companies and their certificate is appended.

Sales totaled $351,015,643.84 during 1937 compared with $329,171,729.61 in 1936, an increase of 6.6%. Net profit for 1937, after interest, depreciation and provision for all Federal and State taxes, was $10,290,731.52 and, after allowing for payment of preferred dividends, equalled $1.53 per share on the 6,263,880 shares of common stock outstanding at the end of the year compared with $2.01 per share in 1936.

Despite the increase in sales volume during 1937, profits showed improvement over 1936 only during the first quarter of the year. Lower earnings during the remaining three quarters of 1937 resulted primarily from general disturbed conditions in some fluid milk markets, increases in wage rates, larger payroll taxes under the Social Security Act and higher rates of depreciation on certain classes of assets. Payrolls totaled $65,888,546 for 1937 compared with $61,534,357 in 1936; Social Security Taxes amounted to $1,925,541 against $630,390 in the prior year; and depreciation provision was $10,383,870 for the year compared with $9,262,360 in 1936.

The following comparative summary, obtained by dividing your company's total sales, expenses and earnings by the total number of shares of common stock outstanding, shows the trend of these items per share for the last five years.

Comparative Statement of Sales, Expenses and Earnings
Per Share of Common Stock

	1937	1936	1935	1934	1933
Sales	$56.04	$52.55	$46.37	$42.70	$36.91
Materials and expenses except those listed below	40.68	37.77	32.98	30.19	25.15
	15.36	14.78	13.39	12.51	11.76
Payrolls	10.52	9.77	9.22	8.93	7.98
Depreciation	1.66	1.48	1.41	1.28	1.42
Taxes	1.12	.93	.69	.66	.62
Interest	.42	.48	.58	.60	.62
	13.72	12.66	11.90	11.47	10.64
Net profit	1.64	2.12	1.49	1.04	1.12
Preferred dividends	.11	.11	.11	.11	.11
Earnings per share of Common Stock	$ 1.53	$ 2.01	$ 1.38	$ .93	$ 1.01
Net profit per dollar of sales	2.9¢	4.0¢	3.2¢	2.4¢	3.0¢

During the five years reviewed above your company's profits ranged from 2.4 cents to 4 cents on a dollar of sales. These earnings resulted from operations in both fluid milk distribution and manufactured dairy products, and from other manufacturing operations that are in no way connected with milk.

Since many of our stockholders have an erroneous opinion regarding the relative importance of our fluid milk operations, your management takes this opportunity to emphasize that fluid milk distribution is not your company's chief source of income. During 1937 our fluid milk divisions (in other words our subsidiaries selling bottled milk, cream, cottage cheese and other miscellaneous products principally on routes) accounted for $137,000,000 or 39% of net sales but contributed only 22% of the total operating profit of our subsidiaries. Applying this same 22% to total net earnings of your company, the resulting net profit of all of our fluid milk divisions would be about $2,265,000 or only 1⅔% on their sales, as compared with 2.9% on our entire business.

In the distribution of dairy products, the profit margin in bottled milk is the lowest in any branch of the dairy industry. For this reason your management has been aggressive in diversifying the company's operations during the last several years. Non-milk products contribute substantially to our earnings.

The new St. Louis Dairy Company plant was completed and commenced operations in June. Construction is progressing rapidly on new plants for Kraft-Phenix Cheese Corporation in Chicago and Sheffield Farms Company, Inc. in New York City, and it is expected that they will start operations sometime this year. Due to the cost of these new plants, capital expenditures for 1937 were approximately $2,800,000 in excess of the depreciation provision. It is estimated that the completion of the Chicago and New York City plants will entail an expenditure during 1938 of about $3,500,000.

Pursuant to the annual purchase fund obligation $1,893,500 in principal amount of our 3¾% debentures were retired, and $1,400,000 2½% loans were paid at maturity.

One of the significant characteristics of the business of your company is the rapid turnover of inventory. Our total merchandise inventories at December 31, 1937 averaged a little over one month's sales requirements. Excluding cheese held for curing, which increases in value as it ages and which amounts to a considerable portion of our merchandise on hand, our inventory turns over even more rapidly. For these reasons your company faces no unusual losses in inventories carried at the end of the year, despite the fall in commodity prices since that time. Future purchase and sale commitments existing at December 31, 1937, were not significant. In this connection, it is to be noted that your company and its subsidiaries are not required, as an incident to the conduct of the business, to enter into future commitments for the purchase and sale of commodities in such a manner and to such an extent that the amount of commitments outstanding at any time might become a material fact in the consolidated financial position.

Kraft-Phenix Cheese Corporation commenced manufacturing and distributing cheese in the Argentine during 1937 and will begin operations in the Union of South Africa in the near future. These markets are being entered because of their increasing international importance in the cheese industry.

The litigation commenced in 1935 by Mills Novelty Company against ice cream manufacturers, about which we have previously advised you, is still pending in New York and Los Angeles. Nothing has transpired to alter the opinion of your management that the litigation is without merit as against your company and its subsidiaries.

Your management regrets to announce the death of Henry N. Brawner, Jr., President of the Chestnut Farms-Chevy Chase Dairy Company in Washington, D. C., and a Director of National Dairy Products Corporation. His experience and counsel were highly valued.

The cooperation of the corporation's employees, shareholders and customers during the year is warmly appreciated by your management and the Board of Directors takes this opportunity to express its gratitude for this loyal support.

By order of the Board of Directors,

THOS. H. MCINNERNEY,
President.

To the Board of Directors of
National Dairy Products Corporation:

We have made an examination of the consolidated balance sheet of National Dairy Products Corporation and its subsidiary companies as at December 31, 1937 and of the consolidated statements of profit and loss and surplus for the year 1937. In connection therewith we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying balance sheet and related statements of profit and loss and surplus fairly present, in accordance with accepted principles of accounting consistently followed by the companies during the year under review, the combined position of National Dairy Products Corporation and its subsidiary companies as at December 31, 1937, and the combined results of their operations for the year.

PRICE, WATERHOUSE & CO.

56 Pine St.,
New York,
March 10, 1938.

National Dairy Pro

AND SUBSIDIAR

CONSOLIDATED BALANCE SHEET

Assets

Current and Working Assets:			
Cash in banks and on hand		$ 19,146,376.46	
Marketable securities at cost, less reserve for market depreciation		134,633.75	
Notes receivable	$ 629,898.22		
Accounts receivable	18,033,057.04		
	$18,662,955.26		
Less: Reserve for doubtful notes and accounts	2,032,924.80	16,630,030.46	
Inventories at cost or market, whichever is lower		25,146,771.82	
Miscellaneous supplies		3,358,551.80	
Cash surrender value of life insurance		332,325.29	
			$ 64,748,689.58
Investments and Advances:			
Company's common stock—8,633 shares at cost		$ 199,815.70	
Investments in and advances to affiliated companies		846,244.78	
Cabinet, fountain and equipment contracts, less reserve		646,542.85	
Securities on deposit with State insurance departments		476,566.48	
Miscellaneous investments		1,831,457.21	
Other notes and accounts receivable, less reserve		1,501,962.61	
Funds in closed banks, less reserve		163,233.76	
Loans to employees (less reserve of $500,000)		624,125.59	
			6,289,948.98
Cash on Deposit in Purchase Fund for retirement of 3¾% Debentures due 1951			333.05
Capital Assets:			
Land, buildings, machinery and equipment on basis of cost or sound values as appraised with additions at cost, less adjustments written off		$167,361,708.75	
Less: Reserves for depreciation		58,957,004.91	
			108,404,703.84
Deferred Charges:			
Prepaid taxes, insurance, interest, etc.			971,103.88
Goodwill			22,391,853.64
			$202,806,632.97

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DECEMBER 31, 1937

Liabilities

Current Liabilities:			
2½% bank loans maturing February 1 and August 1, 1938		$ 1,400,000.00	
Other notes payable to banks		6,699,800.00	
Accounts payable including sundry accruals		18,700,984.19	
Reserves for Federal taxes		2,559,740.09	
			$ 29,360,524.28
2½% Bank Loans maturing semi-annually February 1, 1939 to February 1, 1941			3,500,000.00
3¾% Debentures due 1951 (with common stock purchase warrants attached, of which warrants pertaining to $71,500 of debentures have been exercised):			
(Annual purchase fund requirement $1,876,365 principal amount)			
Issued		$62,545,500.00	
Less: Retired	$1,893,500.00		
Held in treasury	113,000.00	2,006,500.00	60,539,000.00
Minority Stockholders' Interest in subsidiary companies (Including preferred stock of Fairfield Western Maryland Dairy Corporation, preferred over common on liquidation up to $2,012,500, carried on books at $546,694.84)			920,013.48
Reserves for Contingencies			2,635,411.96
Capital Stock and Capital Surplus:			
Preferred stock Class A 7% cumulative:			
Authorized—69,244 shares of $100 par value			
Issued less retired—57,339 shares		$ 5,733,900.00	
Preferred stock Class B 7% cumulative:			
Authorized—50,000 shares of $100 par value			
Issued less retired—41,370 shares		4,137,000.00	
Common stock and capital surplus:			
Common stock—			
Authorized—8,000,000 shares without par value			
Reserved for issue upon exercise of stock purchase warrants attached to debentures—624,740 shares			
Issued—6,263,880 shares at stated value		51,337,430.00	
Capital surplus, per statement attached		4,308,304.59	
			65,516,634.59
Earned Surplus, per statement attached			40,335,048.66
			$202,806,632.97

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ending December 31, 1937

Net sales (excluding inter-company sales)		$351,015,643.84
Deduct:		
Cost of sales, delivery, selling, administrative and general expenses	$316,087,136.91	
Repairs and maintenance (including replacements of milk bottles)	10,570,585.95	
Depreciation	10,383,870.56	
		337,041,593.42
		$ 13,974,050.42
Other income:		
Purchase discounts	$ 528,463.18	
Dividends and interest received	293,218.55	
Rents and royalties	220,049.42	
Miscellaneous other income	84,682.79	
		1,126,413.94
		$ 15,100,464.36
Deduct:		
Interest on funded debt	$ 2,452,888.37	
Other interest	152,994.47	
Dividends on preferred stock of subsidiary company held by the public	120,750.00	
		2,726,632.84
Profit before provision for Federal income taxes		$ 12,373,831.52
Provision for Federal income taxes (including $165,600 for surtax on undistributed profits)		2,083,100.00
Net profit for the year		$ 10,290,731.52

Note: The net profit, after deducting dividends of $690,963 on the parent company's preferred stocks, was equivalent to $1.53 per share on 6,263,880 shares common stock outstanding.

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNED SURPLUS

For the Year Ending December 31, 1937

Earned surplus at December 31, 1936, per published report for that year			$38,249,597.79
Add—Net profit for 1937, per statement attached			10,290,731.52
			$48,540,329.31
Deduct:			
Premium on retirement of 3¾% Debentures due 1951 through operation of purchase fund			8,021.25
			$48,532,308.06
Deduct—Dividends paid:			
On preferred stocks at $7.00 per share		$ 690,963.00	
On common stock:			
Apr. 1, 1937—30¢ per share	$1,876,574.10		
July 1, 1937—30¢ per share	1,876,574.10		
Oct. 1, 1937—30¢ per share	1,876,574.10		
Dec. 15, 1937—30¢ per share	1,876,574.10	7,506,296.40	
			8,197,259.40
Earned surplus at December 31, 1937, per balance sheet			$40,335,048.66

CONSOLIDATED STATEMENT OF CAPITAL SURPLUS

For the Year Ending December 31, 1937

Capital surplus at December 31, 1936, per published report for that year	$ 4,412,845.11
Add—Excess of consideration received upon exercise of warrants attached to 3¾% Debentures due 1951 over stated value of common stock issued therefor	1,700.00
	$ 4,414,545.11
Deduct—Goodwill purchased during 1937, written off	106,240.52
Capital surplus at December 31, 1937, per balance sheet	$ 4,308,304.59

Products Sold by Divisions of

National Dairy Products Corporation

MILK DIVISIONS

(Most of these divisions also sell Vitamin "D" milk, chocolate milk, buttermilk, cream, butter, eggs, cottage cheese, special milks and other dairy products daily to homes, restaurants, stores, hospitals, hotels and institutions.)

SALES AREA	NATIONAL DAIRY DIVISION
Alabama	
Birmingham	Southern Dairies, Inc.
Connecticut	
Hartford	Bryant & Chapman Co.
New Canaan	R. G. Miller & Sons Co.
	Sheffield Farms Co., Inc. (Sealect)
New Haven	General Ice Cream Corp. (Cream Crest)
	Sagal Lou Products Co.
Stamford	Sheffield Farms Co., Inc. (Sealect)
Delaware	
Wilmington and Suburbs	The Clover Dairy Co.
District of Columbia	
Washington, D. C.	Chestnut Farms-Chevy Chase Dairy Co.
Florida	
Coral Gables, Fort Lauderdale, Hollywood, Miami, Miami Beach, Palm Beach, West Palm Beach, Jacksonville, St. Petersburg	Southern Dairies, Inc.
Georgia	
Atlanta	Southern Dairies, Inc.
Illinois	
Belleville	St. Louis Dairy Co.
East St. Louis	Highland Dairy Farms Co.
Peoria	J. D. Roszell Co.
Indiana	
Jeffersonville, New Albany	Ewing-Von Allmen Dairy Co.
Kentucky	
Covington, Newport and Northern Kentucky	Hiland Dairy Co.
Louisville	Ewing-Von Allmen Dairy Co.
Maryland	
Baltimore and Western Maryland	Fairfield Western Maryland Dairy Corp.
Chevy Chase, suburbs of Washington, D. C., and Chesapeake Bay Resorts	Chestnut Farms-Chevy Chase Dairy Co.
Massachusetts	
Boston and Eastern Massachusetts	Deerfoot Farms Co.
Springfield	General Ice Cream Corp. (Cream Crest)
Michigan	
Ann Arbor	Ann Arbor Dairy Co.
Detroit	Detroit Creamery Co.
	Ebling Creamery Co.
Flint, Lansing	Arctic Dairy Co.
Grand Rapids	Grand Rapids Creamery Co.
Monroe	Monroe City Dairy Co.
Pontiac	Detroit Creamery Co.
Missouri	
Kansas City	Chapman Dairy Co.
St. Louis and Vicinity	St. Louis Dairy Co.
	Highland Dairy Farms Co.

SALES AREA	NATIONAL DAIRY DIVISION
New Jersey	
Atlantic City, Camden, Trenton and Southern New Jersey	Supplee-Wills-Jones Milk Co.
Bayonne, Hoboken, Jersey City and Union City	Consumers Dairy Co.
Northern New Jersey	Sheffield Farms Co., Inc. (Sealect)
New York	
Albany	General Ice Cream Corp. (Cream Crest)
Buffalo	Dodds Alderney Dairy, Inc.
New York and Metropolitan area, including Long Island, Westchester, Southwestern Connecticut and Northern New Jersey	Sheffield Farms Co., Inc. (Sealect)
New York and Long Island	Muller Dairies, Inc.
Rochester	Brighton Place Dairy Co.
Schenectady	General Ice Cream Corp. (Cream Crest)
North Carolina	
Asheville, Rocky Mount, Wilson and Winston-Salem	Southern Dairies, Inc.
Ohio	
Akron, Barberton, Cuyahoga Falls and Vicinity	Akron Pure Milk Co.
Ashtabula and Vicinity	The Telling-Belle Vernon Co. (Belle-Vernon)
Canton, Massillon and Vicinity	Sanitary Milk Co.
Cincinnati and Vicinity	Frechtling Dairy Co.
	Hiland Dairy Co.
	Matthews-Frechtling Dairy Co.
Cleveland and Vicinity	The Telling-Belle Vernon Co. (Belle-Vernon)
Hamilton, Middletown	Frechtling Dairy Co.
Toledo	Ohio Clover Leaf Dairy Co.
Youngstown and Vicinity	Youngstown Sanitary Milk Co.
Pennsylvania	
Altoona, Barnesboro, Bedford	W. E. Hoffman Co.
Erie	Erie County Milk Ass'n. (Ecoma)
Meadville, Oil City	Moore Brothers Co.
Philadelphia and Southeastern Pennsylvania	Supplee-Wills-Jones Milk Co.
Pittsburgh and Western Pennsylvania	Rieck-McJunkin Dairy Co.
Sharon	Youngstown Sanitary Milk Co.
Tennessee	
Memphis	Clover Farm Dairy Co. (Cream Crest)
Nashville and Vicinity	Nashville Pure Milk Co. (Tru-li-Pure)
Knoxville	Southern Dairies, Inc.
Virginia	
Northern Virginia and suburbs of Washington, D. C.	Chestnut Farms-Chevy Chase Dairy Co.
Wisconsin	
Milwaukee and Vicinity	Luick Dairy Co.

CHEESE DIVISIONS

Kraft-Phenix Cheese Corporation: Kraft Cheeses are sold throughout the United States and in practically all foreign countries, the foreign manufacturing plants being located in Canada, England, Holland, Germany, Australia and Argentina.

Breakstone Brothers, Inc.: Breakstone Cheese and related products are sold in states east of the Alleghenies.

Pabst-ett Corporation: Pabst-ett and Blue Label Cheeses are sold throughout the United States.

National Cheese Co.: Daisy Brand Cheese and allied products are sold throughout the Middle Western States.

National Creamery Co.: Diamond Brand Cheese and allied products are sold throughout the New England States.

SALAD PRODUCTS DIVISIONS

Kraft-Phenix Cheese Corporation: Miracle Whip Salad Dressing, Kraft Mayonnaise, French and other salad dressings are sold throughout the United States, Canada and England.

Pabst-ett Corporation: Pabst-ett's "Harvest Moon" Salad Dressing, Mayonnaise and Salad Products are sold throughout the United States.

BUTTER DIVISIONS

Breakstone Brothers, Inc.—New York, N. Y.
Brand Names:—Breakstone, Belle O' the Valley.

Cloverleaf Creameries, Inc.—Decatur, Ind.
Brand Names: — Cloverleaf, Kraft and Wabash Valley.

Harding Cream Co.—Danville, Ill.
Harding's Quality Butter, Capitol, Elgin, Calhoun, Golden Glow, Lange's Pure Cream Butter.

Nashville Pure Milk Co.—Nashville, Tenn.
Brand Names:—Tru-li-Pure, Lily Pure, Sweet Maiden, Pride of Tennessee, Clo Gold, Pride of Tennessee Country Roll.

National Butter Co. of Iowa—Danville, Ill.
Brand Names:—Maple Leaf, Dairy States.

National Cheese Co.—Chicago, Ill.
Brand Name:—Daisy.

National Creamery Co.—Somerville, Mass.
Brand Name:—Diamond.

Southern Dairies, Inc.—Montgomery, Ala.
Brand Names:—Cream Crest, Dixie Queen, Southern Dairies.

Sugar Creek Creamery Co.—Danville, Ill.
Brand Names:—Sugar Creek, Watseka, Jersey Lily, Golden Grain, Keystone, Diamond Springs, Maple Leaf, Meramec, Ridgeland, Bonnie Farms.

Tri-State Butter Co.—Cincinnati, Ohio
Brand Names:—Rich Pasture, Nancy Hanks, Favorite, Rookwood, Sunnydale, Valley Farms and Victor.

In addition to the above brands most National Dairy milk distributing Divisions sell butter on their regular milk routes and to the wholesale trade.

Products Sold by Divisions of
National Dairy Products Corporation

ICE CREAM DIVISIONS

Allen's Ice Cream
Rockford, Ill., and Monroe, Wis.

Arctic Ice Cream
State of Michigan

Autocrat Ice Cream
Norfolk, Va.

Breyers Ice Cream
Philadelphia and Eastern Pennsylvania, Metropolitan New York, New Jersey, Delaware, Maryland, Virginia, and District of Columbia

Bushway Ice Cream
Greater Boston, Mass.

Castles Ice Cream
Northern New Jersey, and Staten Island

Chapell's Ice Cream
Metropolitan Chicago, Ill.

Clover Farms Ice Cream
Memphis and Western Tennessee, Eastern Arkansas, and Northern Mississippi

Cloverleaf Ice Cream
Decatur, Northern Indiana and Western Ohio

Colonial Ice Cream
Providence and Pawtucket, R. I., Norfolk, Va.

Cream Crest Ice Cream
Louisville and Lexington, Ky.

The Cream of Pittsburgh
Greater Pittsburgh, Pa.

Creme-Freez Ice Cream
Boston, Mass.

Detroit Creamery Velvet Brand Ice Cream
Detroit and State of Michigan

Ecoma Ice Cream
Erie, Pa.

Franklin XX Ice Cream
Kansas City and Missouri, Kan., Oklahoma, Southeastern Nebraska, Southwestern Iowa and Northwestern Arkansas

Frechtling's Ice Cream
Cincinnati, Hamilton, Middletown and Southwestern Ohio and adjacent areas of Indiana and Kentucky

Fro-Joy Ice Cream
New England States, New York State, Northwestern Pennsylvania, and Northeastern Ohio

Harding's Ice Cream
Eastern Nebraska and Western Iowa

Hoffman's Ice Cream
Altoona, Barnesboro, Lewiston, Bedford, Pa., and Cumberland, Md.

Hydrox Ice Cream
Metropolitan New York, Metropolitan Chicago, Greater St. Louis, Southeastern Missouri, and Southern Illinois

Jersey Ice Cream
Lawrence and Eastern Massachusetts, Schenectady, N. Y., Skowhegan, Maine

Kent's Ice Cream
State of Vermont

Kimball's Ice Cream
Malden, Mass.

Lockwood's Ice Cream
Utica, N. Y.

Luick Ice Cream
Wisconsin, Northern Illinois, Upper Peninsular Michigan, Eastern Minnesota

Macomber Ice Cream
New Bedford, Mass.

Manchester Dairy Ice Cream
South Manchester, Conn.

Millikin's Ice Cream
Youngstown and Warren, Ohio and Sharon, Pa.

Moglia's Ice Cream
Northern New Jersey

Moore's Ice Cream
Meadville, Oil City, and Franklin, Pa.

Norris Ice Cream
Boston, Mass.

Olivet Ice Cream
Kingston, N. Y.

Plymouth Rock Ice Cream
Southeastern Massachusetts

Rieck's Ice Cream
Greater Pittsburgh and Western Pennsylvania

Roger's Ice Cream
Poughkeepsie, N. Y.

Roszell's Ice Cream
Central Illinois

Sagal-Lou Ice Cream
New Haven, Conn.

St. Louis Dairy Ice Cream
Greater St. Louis, Eastern Missouri and Southwestern Illinois

Sanitary Ice Cream
Canton, Dover, Wooster, Ohio

Southern Dairies Ice Cream
District of Columbia, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Kentucky, Tennessee, Georgia, Florida, Alabama, and Mississippi

Supplee Ice Cream
Philadelphia and Eastern Pennsylvania, Southern New Jersey, and Delaware

Telling's Ice Cream
Ohio and West Virginia

Thompson's Ice Cream
Metropolitan Chicago, Ill.

Union Ice Cream
Middle Tennessee and Northern Alabama

Velvet Brand Ice Cream
State of Michigan and Toledo, Ohio

Whiting Ice Cream
Greater Boston, Mass.

Wisconsin Creameries Ice Cream
Wisconsin, Northern Illinois

Yerdon's Ice Cream
Fort Plain-Utica, N. Y.

MISCELLANEOUS PRODUCT DIVISIONS

Atlantic Research Associates, Inc.—Newtonville, Mass.
Licenses for use of casein water paints (Arapaste) and wet ground mica flakes (Aratone).

Consolidated Products Co.—Danville, Ill.
Semi-Solid Buttermilk, Semi-Solid Emulsion, Semi-Solid Double D Emulsion, Semi-Solid Chick Milk, Semi-Solid Buttermilk Flakes, Condensed Buttermilk, Pure Flake Dried Buttermilk, Semi-Solid Breeder's Milk.

Confections Division of Kraft-Phenix Cheese Corp.—Chicago, Ill.
Kraft Dairy-Fresh Caramels and Kraft Butter Toffee are sold through regular distribution channels of Kraft-Phenix Cheese Corp.

Dairy Specialties Division of Kraft-Phenix Cheese Corp.—Chicago, Ill.
Kraco (Dried Cheese Whey), Delyn (Dried Casein Whey), G-an-En, Kraftose, Kraft Baker's Special Grated, Kraft Bakers Blend, O-Ke-Doke Cheese Flavor, Sifteen Powdered Shortening, Special Sifteen Leavening, Domestic Spray Egg Yolk Powder, Refluffed & Sifted Imported Egg Yolk Powder, Kra-Jel, Kraftogen B. D., Kraft Special Blend, Powdered G-195, Kraft Almond Toffee for Ice Cream, Sweet-K-Malt, Parkay.

Deerfoot Farms Co.—Southborough, Mass.
Deerfoot Farm Pure Pork Sausage, Sliced Bacon, and Country Roll.

Ewing-Von Allmen Dairy Co.—Louisville, Ky.
Swiss and Eva brands evaporated milk.

Findlay Evaporated Milk Co.—Findlay, Ohio
Belle Vernon brand evaporated milk.

Franklin Ice Cream Corp.—Kansas City, Mo. and Tonganoxie, Kan.
Skim and Whole Condensed milks; Sunflower, Double XX, and Golden Crust brands.

Frechtling Dairy Co.—Hamilton, Ohio
Sweetened Skim and Whole Condensed Milk, Plain Condensed Milk, Sweet Cream.

The Harding Co.—Omaha, Neb.
Harding's, Old Kentucky, Hydrox, Colonial Club, Dixie Club, White Mountain, Pepsi-Cola and Orange Crush beverages.

Highland Dairy Farms Co.—St. Louis, Mo. and Highland, Ill.
Spray Skim Milk Powder, Lacalac Spray Skim Milk Powder, Superheated Skim Condensed.

Hydrox Corp.—Chicago, Ill.
Hydrox Cola, Root Beer, Ginger Ale and other beverages.

International Wood Products Co.—Cathlamet, Wash.
Boxes, Shooks and Lumber.

Keystone Dairy Co.—New York, N. Y.
Roller Skim Milk Powder, Superheated Skim Condensed, Concentrated Skim Condensed, Whole Condensed, Sweet Cream, Barrel Sweetened Skim Condensed, Barrel Sweetened Whole Condensed.

Ovson Egg Co.—Chicago, Ill.
Canned egg products:—Sugaryolk, Mocoyolk, Plainyolk, Saltyolk, Kraftyolk, Egg Whites and Whole Eggs sold throughout the United States.

Rieck-McJunkin Dairy Co.—Pittsburgh, Pa.
Evaporated Milk, Sweetened Skim Condensed Milk, Casein, Spray Skim Milk Powder, Casein Whey Powder (Delyn).

Sheffield By-Products Co.—New York, N. Y.
Sheffield New Process Casein, Sheffield Milk Sugar, Sheffield Technical Sugar, Sheffield Whey Powder, Calcium Lactate, Sodium Lactate, Lactic Acid, Copper Lactate, Ferrous Lactate.

Sheffield Condensed Milk Co.—New York, N. Y.
Sheffield Sealect Evaporated Milk, Sheffield Skim Milk Powder.

Southern Dairies, Inc.
Southern Dairies distributes Bird's Eye Frosted Foods and Seafresh Frozen Fish throughout Southeastern States; Honor Brand Frosted Foods in Miami and West Palm Beach.

Ward Dry Milk Co.—Chicago, Ill.
Ward's Lacalac Spray Skim Milk, Ward's Lacalac Roller Skim, Ward's Sausage Milk, Ward's Lacalac Sweet Cream Buttermilk, Ward's Cremolac, Ward's Ice Cremolac, Ward's 6% Churnolac, Ward's 11% Churnolac, Ward's Malted Lacalac, Ward's Malted Milk, Ward's Sweet Cream Buttermilk for animal feed, Ward's Roller Skim Milk for animal feed, Collis Acid Buttermilk for animal feed.

Windsor Evaporated Milk Co.—Carrollton, Ohio
Windsor brand evaporated milk.

MALTED MILK

Kraft Plain and Chocolate Malted Milks are sold through regular distribution channels of Kraft-Phenix Cheese Corp. National Dairy Malted Milk is sold by Milk and Ice Cream Divisions of National Dairy Products Corp.

COLD STORAGE DIVISIONS

Chemung Cold Storage—Elmira, N. Y.
Dairystate Cold Storage Co.—Plymouth, Wis.
General Ice Cream Corp.—Batavia, N. Y.
General Ice Cream Corp.—Erie, Pa.
Merchants Cold Storage Co.—Cincinnati, Ohio
New England Cold Storage—Portland, Me.
North American Cold Storage Co.—Chicago, Ill.

POUNDS OF MILK USED

There is reported below, on a comparative basis, the approximate number of pounds of milk of 3.5% butterfat (one quart equals 2.15 pounds) used for the dairy products your company sells, including milk in fluid form as well as in the form of cheese, butter, ice cream, various condensed and evaporated milks and other manufactured milk products. This sales record excludes National Dairy's business in Miracle Whip, Kraft Mayonnaise, Deerfoot Sausage, eggs, beverages and other products not connected with milk.

	Sales by Quarters				Yearly Total	Per Cent of 1931
	First	Second	Third	Fourth		
1931.....	2,016,294,000	2,300,016,000	2,325,132,000	1,993,331,000	8,634,773,000	100.0%
1932.....	1,974,271,000	2,164,424,000	2,204,934,000	1,948,457,000	8,292,086,000	96.0%
1933.....	1,856,462,000	2,095,758,000	2,069,879,000	1,868,587,000	7,890,686,000	91.3%
1934.....	1,909,752,000	2,086,179,000	2,220,611,000	2,060,362,000	8,276,904,000	95.8%
1935.....	1,857,881,000	2,088,241,000	2,373,426,000	2,145,966,000	8,465,514,000	98.0%
1936.....	1,987,066,000	2,389,703,000	2,436,227,000	2,192,822,000	9,005,818,000	104.3%
1937.....	2,147,276,000	2,360,010,000	2,652,939,000	2,194,071,000	9,354,296,000	108.3%

EMPLOYMENT RECORD

(Approximate number of employees)

	Quarterly Average				Yearly Average	Per Cent of 1931
	First	Second	Third	Fourth		
1931.....	34,556	36,218	35,630	32,938	34,835	100.0%
1932.....	32,637	34,134	33,564	30,733	32,767	94.0%
1933.....	29,848	31,451	33,345	32,456	31,775	91.2%
1934.....	32,845	36,153	36,529	33,577	34,776	99.8%
1935.....	33,309	36,077	37,127	34,070	35,146	100.9%
1936.....	33,975	37,427	38,266	35,354	36,256	104.0%
1937.....	35,280	38,822	39,346	35,461	37,227	106.9%

NUMBER OF COMMON STOCKHOLDERS

	March 31	June 30	Sept. 30	Dec. 31
1931.....	46,219	50,117	54,196	58,159
1932.....	59,212	61,758	63,474	65,705
1933.....	66,885	66,366	66,366	68,890
1934.....	69,058	69,683	70,818	71,606
1935.....	72,735	73,585	73,429	72,028
1936.....	70,950	71,376	70,248	69,963
1937.....	69,712	69,940	70,722	73,187